

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04 TRSE-00

LAB-04 SIL-01 SAM-01 OMB-01 SS-15 NSC-05 PA-01 PRS-01

USIA-06 TAR-01 L-02 IO-10 AGR-05 /096 W

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R 091451Z APR 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 9989

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION OECD PARIS

USMISSION NATO BRUSSELS

USMISSION EC BRUSSELS

AMCONSUL EDINBURGH

AMCONSUL LIVERPOOL

AMCONSUL BELFAST

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 05314

E.O. 11652: GDS

TAGS: EGEN, EEC, UK

SUBJECT: THE WHITE PAPER ON EC RENEGOTIATION

REF: (A) LONDON 4918, (B) LONDON A-335, (C) LONDON 4235

SUMMARY: THE WHITE PAPER ON THE RESULTS OF RENEGOTIA-
TION REFLECTS THE PRO-MARKET BIAS OF THE OFFICIALS WHO
DRAFTED IT. THE RESULTS ARE DESCRIBED IN GREAT DETAIL ,
AND THE NET IMPRESSION IS THAT RENEGOTIATION WAS AN
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ALMOST UNQUALIFIED SUCCESS. MORE INTERESTING ARE THE

INDICATIONS IN THE WHITE PAPER OF WHAT HMG'S ATTITUDE WILL BE ON VARIOUS COMMUNITY ISSUES IF BRITAIN STAYS IN. THERE IS NO ENTHUSIASM FOR MOVES TOWARD MORE SUPRA-NATIONALITY. ON EC POLITICAL COOPERATION, THE WHITE PAPER NOTES THAT BILATERAL DIPLOMACY CONTINUES TO HAVE "THE CENTRAL ROLE," AND STRESSES THE IMPORTANCE OF CLOSE COOPERATION AND CONSULTATION WITH THE COMMUNITY'S FRIENDS AND ALLIES, NOTABLY THE UNITED STATES. ITS WATCHWORDS FOR INTERNAL EC POLICIES ARE "REALISTIC" AND "PRAGMATIC," AND IT SAYS THAT THE COMMUNITY SHOULD ADOPT AN "OUTWARD-LOOKING APPROACH" IN ITS RELATIONS WITH OTHER COUNTRIES, NOTABLY WITH THE COMMONWEALTH AND WITH DEVELOPING COUNTRIES. IT STRESSES THE IMPORTANCE OF THE MTN, AND CALLS FOR PROGRESS ON AGRICULTURE AS WELL AS ON INDUSTRIAL TARIFFS. IT CONCLUDES THAT A COHESIVE EUROPE IS "AN ESSENTIAL PILLAR OF THE ATLANTIC PARTNERSHIP" AND NOTES THAT RELATIONS HAVE IMPROVED BETWEEN THE NINE AND THE UNITED STATES. END SUMMARY

1. THE WHITE PAPER ON THE RESULTS OF EC RENEGOTIATION (REFS A AND B), WHICH IS BEING DEBATED IN THE COMMONS THIS WEEK, REFLECTS THE STRONG PRO-MARKET BIAS OF THE FOREIGN OFFICE AND CABINET OFFICE OFFICIALS WHO WROTE IT. BRITAIN, IT SAYS, IS BETTER ABLE TO ADVANCE AND PROTECT ITS NATIONAL INTERESTS AS A MEMBER OF THE COMMUNITY. WITHDRAWAL WOULD NOT ONLY INVOLVE SERIOUS ECONOMIC COSTS FOR THE UK, IT WOULD ALSO "THREATEN THE POLITICAL STABILITY OF WESTERN EUROPE."

2. THE LORD PRESIDENT, EDWARD SHORT, STEERED THE WHITE PAPER THROUGH THE CABINET ON MARCH 25. (THE PRIME MINISTER WAS AWAY THAT DAY IN NORTHERN IRELAND.) THE SEVEN CABINET MINISTERS WHO HAD TAKEN A STAND AGAINST MEMBERSHIP A WEEK EARLIER (REF C) DID NOT TRY TO STOP IT OR TO INSIST ON INCLUDING A STATEMENT OF THEIR DISSENTING VIEWS. OFFICIALS ARE NOW DRAFTING A SHORTER, POPULARIZED VERSION OF THE WHITE PAPER WHICH WILL BE SENT TO EVERY HOUSEHOLD IN BRITAIN BEFORE THE REFERENDUM.

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3. THE WHITE PAPER DESCRIBES THE OUTCOME OF RENEGOTIATION IN GREAT DETAIL, ASSESSING WHAT WAS ACHIEVED IN THE LIGHT OF THE OBJECTIVES SET FORTH IN THE LABOUR PARTY'S FEBRUARY 1974 MANIFESTO. THE CUMULATIVE IMPRESSION IS ONE OF AN ALMOST UNQUALIFIED SUCCESS. "SUBSTANTIAL PROGRESS," IT SAYS, WAS MADE IN CHANGING THE OPERATION OF THE CAP AND IMPROVING ACCESS FOR COMMONWEALTH SUPPLIERS. THE BUDGETARY ADJUSTMENT MECHANISM

IS A "MAJOR IMPROVEMENT" IN BRITAIN'S TERMS OF MEMBER-SHIP. THE CHANGES IN EC TRADE AND AID POLICIES THAT RESULTED FROM RENEGOTIATION ARE "MAJOR IMPROVEMENTS IN THE COMMUNITY'S APPROACH TO ITS RELATIONS WITH THE OUTSIDE WORLD." THE WHITE PAPER CITES ONLY ONE AREA (STEEL) IN WHICH BRITAIN FAILED TO ACHIEVE ITS RENEGOTIATION OBJECTIVES.

4. MORE INTERESTING THAN THIS REVIEW OF RENEGOTIATION ARE THE INDICATIONS IN THE WHITE PAPER OF WHAT THE BRITISH GOVERNMENT'S ATTITUDE WILL BE TOWARD VARIOUS COMMUNITY ISSUES IF THE BRITISH PEOPLE VOTE TO STAY

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USIA-06 TAR-01 L-02 FEAE-00 JUSE-00 FTC-01 /082 W

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R 091451Z APR 75

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C O N F I D E N T I A L SECTION 02 OF 02 LONDON 05314

IN. THE WHITE PAPER IS UNENTHUSIASTIC, FOR EXAMPLE, ABOUT ANY MOVES TOWARD GREATER SUPRANATIONALITY. IT ACKNOWLEDGES THAT THE COMMUNITY'S INSTITUTIONS ENTAIL A GREATER POOLING OF SOVEREIGNTY THAN THOSE OF OTHER INTERNATIONAL ORGANIZATIONS. BUT IT GOES ON TO SAY THAT WHILE "CLOSER COOPERATION IS DESIRABLE AND MUST BE PURSUED IN A PRAGMATIC WAY," THERE IS NO WIDE SUPPORT IN BRITAIN (OR ELSEWHERE IN THE COMMUNITY) FOR "MOVES
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TOWARD A CENTRALIZED FEDERAL STATE."

5. ON EC POLITICAL COOPERATION, THE WHITE PAPER SAYS THAT "BILATERAL DIPLOMACY BY THE INDIVIDUAL EUROPEAN STATES CONTINUES TO HAVE THE CENTRAL ROLE." THE NINE FEEL THAT THEY CAN ATTAIN THEIR OBJECTIVES ON INTERNATIONAL PROBLEMS MORE EFFECTIVELY IF THEY WORK TOGETHER, BUT THIS SHOULD BE DONE "IN CLOSE COOPERATION WITH OTHER COUNTRIES AND IN PARTICULAR THEIR FRIENDS AND ALLIES. IN THIS CONNECTION, THE GOVERNMENT WELCOMES THE ARRANGEMENTS AGREED IN 1974 FOR CONSULTATION BETWEEN THE UNITED STATES AND THE NINE ON FOREIGN POLICY SUBJECTS."

6. ON INTERNAL EC POLICIES, THE WHITE PAPER'S WATCH-WORDS ARE "PRAGMATIC" AND "REALISTIC." THE UK, IT SAYS, WELCOMES THE COMMUNITY'S ATTEMPT TO ESTABLISH A COMMON ENERGY POLICY "PROVIDED THAT IT IS CONDUCTED IN A REALISTIC FASHION." IT WILL CONTINUE TO BE VIGILANT IN SECURING A SENSIBLE AND SELECTIVE APPROACH "TOWARD THE HARMONIZATION OF INDUSTRIAL STANDARDS.

7. ON EXTERNAL RELATIONS, THE WHITE PAPER SAYS THAT IT IS OF MAJOR IMPORTANCE TO THE UK THAT THE COMMUNITY SHOULD ADOPT "AN OUTWARD-LOOKING APPROACH IN ITS RELATIONS WITH OTHER COUNTRIES AND IN PARTICULAR WITH THE COMMONWEALTH AND THE DEVELOPING COUNTRIES." IT HIGHLIGHTS THE IMPORTANCE OF THE MTN, WHICH SHOULD AIM FOR A "SUBSTANTIAL REDUCTION" IN INDUSTRIAL TARIFFS AND "CONDITIONS FOR ORDERLY MARKETING" FOR AGRICULTURAL GOODS NOT COVERED BY COMMODITY AGREEMENTS. A COHESIVE EUROPE, THE WHITE PAPER SAYS, IS AN "ESSENTIAL PILLAR OF THE ATLANTIC PARTNERSHIP." IT NOTES THAT A MORE COOPERATIVE RELATIONSHIP HAS NOW BEEN ESTABLISHED BETWEEN

THE NINE AND THE UNITED STATES.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEMBERSHIP, RELATIONS WITH REGIONAL ORGS, NEGOTIATIONS, SPECIAL ELECTIONS, CENTRAL LEGISLATURE
Control Number: n/a
Copy: SINGLE
Draft Date: 09 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MartinML
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LONDON05314
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750123-0953
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750468/aaaackaw.tel
Line Count: 226
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 LONDON 4918, 75 LONDON A-335, 75 LONDON 4235
Review Action: RELEASED, APPROVED
Review Authority: MartinML
Review Comment: n/a
Review Content Flags:
Review Date: 16 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 APR 2003 by BoyleJA>; APPROVED <17 SEP 2003 by MartinML>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: THE WHITE PAPER ON EC RENEGOTIATION
TAGS: EGEN, UK, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006